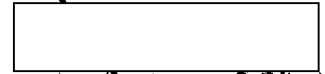




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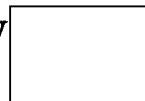
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Iran: Growing Prospects for Instability



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An Intelligence Assessment

APPROVED FOR RELEASE
DATE: AUG 2002

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October 1984

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Iran: Growing Prospects for Instability

An Intelligence Assessment

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*NESA 84-10285
October 1984*

Iran: Growing Prospects for Instability ☐

Key Judgments

*Information available
as of 28 September 1984
was used in this report.*

Political instability in Iran is likely to increase significantly following Ayatollah Khomeini's death as clerical and lay factions compete for power. Without Khomeini, there will be no one in Iran with the stature and charisma to capture the support of the masses or contain clerical infighting:

- Nearly six years after the revolution, the clerics have yet to agree on key philosophical and theological guidelines for the Islamic Republic of Iran. Even the issue of clerical control has not been resolved.
- The clerical regime has not developed the mechanisms to manage domestic and foreign policy disputes without resort to Khomeini.
- The regime's popularity continues to decline because of growing official corruption, economic stagnation, deteriorating public services, and the financial and human costs of the war with Iraq.

We believe the Revolutionary Guard will be the key in determining the stability of post-Khomeini Iran. If, as is most likely, the Guard fragments, this would raise the prospect of a violent power struggle. If, on the other hand, most of the Guard backs one candidate or coalition, its arms and widespread local power base would provide the winning margin and allow for a smoother transition of power.

We do not see any likely alternatives to an Islamic-oriented regime with a strong clerical influence in the aftermath of Khomeini's death. In our judgment, neither the Shah's son nor any other Iranian exile leader possesses the necessary domestic assets to gain control. The regular military continues to be purged of officers suspected of antiregime sentiments, and most regular Army units are at the front, well away from the centers of power in Tehran and Qom. Iranian minorities have largely parochial interests; they wish to be as far removed as possible from Tehran's control.

We believe a successor government in Iran will espouse a policy of nonalignment. Nevertheless, there are key interest groups in Iran that would be willing to improve Tehran's relations with the United States or the USSR:

- Conservative clerics, bazaar merchants, and some officers in the regular military appear willing to reduce Iran's hostility toward the United States. The need to show allegiance to the Islamic revolution, however, probably would limit overt ties to Washington.

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- A government controlled by a Revolutionary Guard leader or a left-leaning technocrat would be suspicious of the USSR but would be more willing than the current regime to look to Moscow for both military and economic aid. It also could be less hostile to Soviet foreign policy goals in the region. The need to sell oil and to import consumer goods, raw materials, and equipment, however, probably would lead even a left-leaning regime in Tehran to maintain economic ties with Western Europe, Japan, Turkey, and Pakistan.

If Iran experienced a prolonged upheaval, the Soviets would enjoy expanded opportunities for exploitation, particularly among Iran's minorities near the lengthy border with the USSR. We believe, however, that Moscow's ability to influence events in Iran would be limited—Moscow's natural ally, the Tudeh party, has been suppressed and its leaders jailed or executed. Other left-leaning groups have also been suppressed. Moscow could provide support to the remnants of such groups during a period of protracted instability, but we believe its willingness to act boldly would be constrained by the risks of confrontation with the West. Alternatively, a prolonged upheaval and a fragmented Revolutionary Guard could lead to a more important role for the regular military, providing limited opportunities for the United States.

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Iran: Growing Prospects for Instability

Six years after the removal of the Shah and three years after the consolidation of clerical power, an environment of uncertainty persists in Iran. Khomeini's health is declining. The 84-year-old Ayatollah is suffering from progressive senility as well as from heart, kidney, and prostate problems. A simmering succession struggle has already begun. Iran's costly war with Iraq, a faltering, war-strained economy, and the regime's brutal use of repression to stifle internal dissent are causing popular discontent to grow. Although this discontent poses no immediate threat to the regime, it will provide fuel for the factional infighting we expect to occur when Khomeini dies.

The Clerical Consolidation

Iran remained in turmoil for nearly three years following the revolution as various components of the anti-Shah coalition vied for power. Only by late 1981 did the clerics consolidate control over the government. They then quickly increased oil exports by lowering prices, seized the initiative in the war against Iraq, and began planning for economic development. The clerics' consolidation of power increased concerns among the Arab states of the Persian Gulf and in the West that Iran would attempt to establish hegemony over the entire Gulf area.

These glowing prospects for the regime's institutionalization at home and expanding influence abroad have not been fulfilled:

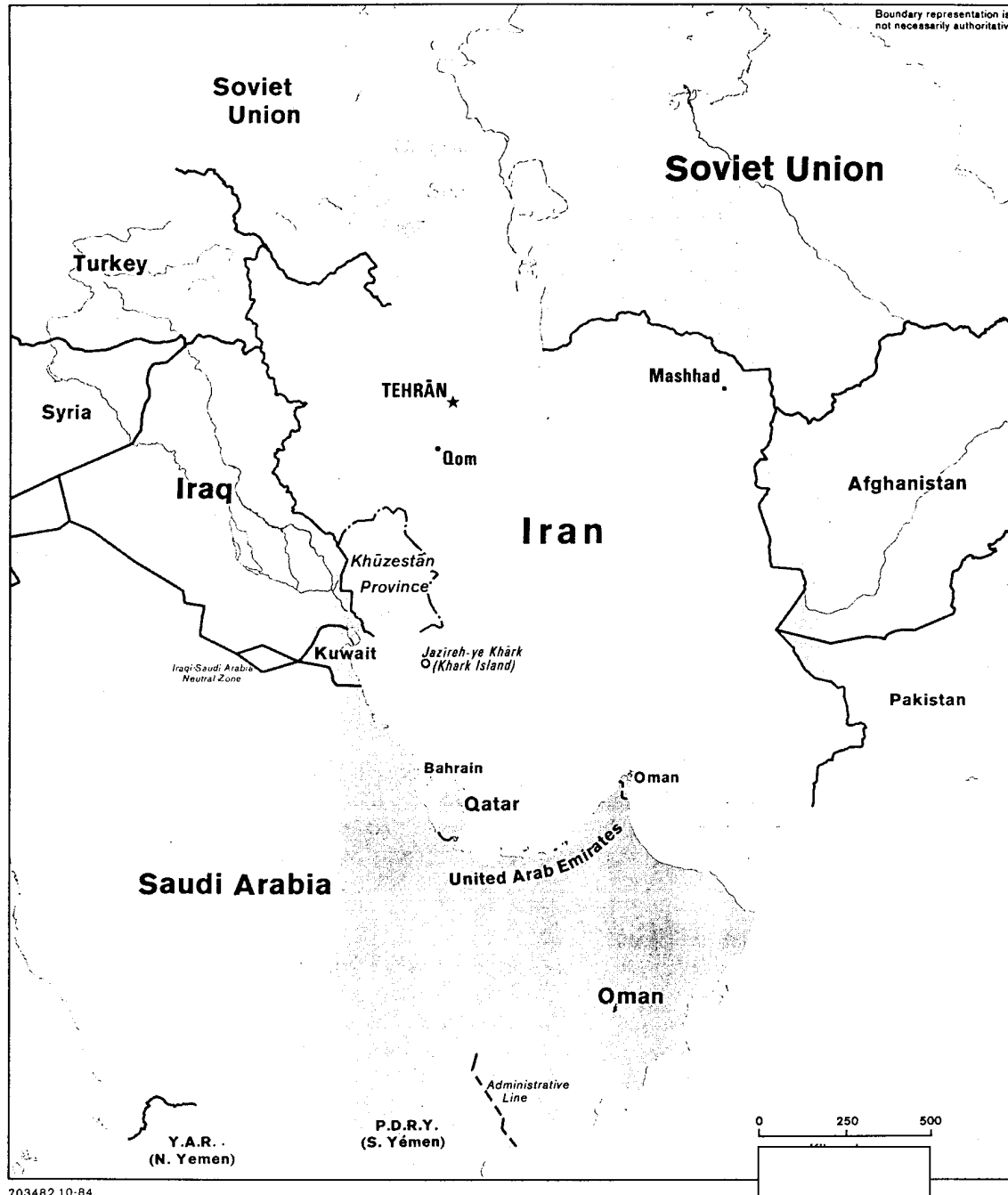
- The war and differences over strategy have blunted Iran's efforts to export the revolution.
- After driving Iraqi forces from Iranian territory in 1982, the war has gone badly for Tehran as one offensive after another into Iraq was defeated and enormous casualties mounted. We estimate that Iran has suffered at least 200,000 dead since the Iraqi invasion began in September 1980.
- Iran's clerical community shared little more than a hazy vision of how to return to the golden age of Islam.

Ayatollah Khomeini

- The economy is stalled between differing clerical philosophies over the role of the state in controlling and directing the economy, as well as a continuing lack of skilled managers.

The clerical regime, moreover, has not yet developed the mechanisms to manage domestic and foreign policy disputes without resort to Khomeini. Nor, in our judgment, do any of the other clerics in the regime approach Khomeini's appeal to lower-class Iranians. In short, the clerical regime has consolidated its control but has failed to institutionalize its rule or ensure its survival after its founder-creator leaves the scene.

Clerical Infighting



Shiite Theology and the Khomeini Regime

Shiite Islam in Iran reveres the first 12 direct descendants of Muhammad as divinely inspired imams (leaders) and, therefore, rightful successors to the Prophet to rule over Islam. Shias believe the last of these 12 descendants went into hiding in the ninth century A.D. but will return at the end of time to establish the universal rule of justice. The dominant Shia school in Iran has traditionally questioned the legitimacy of any temporal government until the return of the "hidden Imam," and most clerics have avoided open association with secular regimes. As a result, the clergy came to be regarded as the protector of the masses against government tyranny. This association became even closer under the Pahlavi dynasty when the impact of Westernization intensified and other avenues for the expression of political grievances were suppressed.

Khomeini was able to focus this mass sympathy. He also obtained the support of many clerics and lay politicians who believed the Shah's regime would destroy their influence. Once in power, however, Khomeini established a theocratic state that went far beyond the dominant tradition separating clerics from government involvement.

The Economy and War Heighten Popular Discontent

Iran's economy continues to falter and is a serious point of contention among the country's factions. Official Iranian statistics reveal that unemployment and underemployment remain high, rapid inflation persists, and there is widespread inefficiency and waste. Government industrial and agricultural planning has nearly ceased because of factional disagreements within the regime. Those progressive clerics and their supporters who favor land reform, nationalization, and government control use Islamic teachings to argue that everything belongs ultimately to Allah and is to be used for the common good. Conservative clerical opponents and their supporters, particularly among the bazaar merchants, quote Koranic verses demonstrating the right to own unlimited amounts of property.

Such theologically based arguments leave little room for compromise. Thus, even when the Majles has passed economic legislation after extensive debate—such as the act to nationalize foreign trade—the conservative Council of Guardians² has rejected the legislation as "un-Islamic." A five-year economic

² The Council of Guardians is comprised of six clerics appointed by Khomeini and six lay jurists nominated by the Supreme Judicial Council and approved by the Majles. They are responsible for ensuring that bills passed by the Majles conform with the constitution and Islamic law.

development plan, first proposed in 1982, still languishes in the Majles. Agriculture—the centerpiece of the regime's economic propaganda—continues to stagnate. Public statements by regime officials indicate that land reform has come to a standstill. Eighty percent of Iranian land remains in the hands of large landowners, and rural inhabitants continue to flock to the cities, reducing available manpower for agriculture while increasing Iran's dependence on imported foodstuffs. ☐

Even if the regime could devise a coherent economic program, we believe widespread corruption would undermine its effectiveness. ☐

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As a result, the economy is even more dependent on oil for export earnings than under the Shah. Iran reported its total nonoil export earnings amounted to \$340 million in 1983—just 2 percent of the \$19 billion it earned from petroleum earnings. With oil revenues down because of the stepped-up war in the Gulf and the slack oil market, the regime has clamped down on imports. ☐

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¹ The Foundation for the Oppressed was created in 1979 when the Khomeini regime inherited the holdings of the Shah's Pahlavi Foundation. It owns thousands of businesses and buildings throughout Iran. The profits are supposed to be used by the regime to aid Iran's poor, but Tehran admits that corruption and mismanagement have restricted its effectiveness. ☐

The Grand Ayatollahs

A religious hierarchy exists within Shia Islam that has no counterpart in orthodox Sunni practice. At the top of this religious pyramid stand the "grand" ayatollahs—those few whose scholarship and devotion are so widely recognized that they are regarded as legitimate independent interpreters of Islamic law. In Iran today there are five men besides Khomeini who have such recognition, all but one older than Khomeini. They are theoretically Khomeini's equals, but his preeminence since the revolution has overshadowed them. ☐

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Despite their displeasure with the current regime, these senior religious figures have spoken out against it only rarely. ☐

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The war has increasingly become a liability that the regime seems unable to resolve. Tehran has been unable to defeat the Iraqis, but Khomeini's insistence on ousting Iraqi President Saddam Husayn prevents a peace settlement. High casualties have cost the regime popular support, apparently even among its most ardent backers in the lower classes. [REDACTED]

[REDACTED]

Despite these complaints, public statements of Iranian leaders reveal that many within the regime still are worried about ending the war without clear victory. Such leaders as Majles Speaker Rafsanjani and President Khamenei appear to fear this would call into question both Tehran's claim of religious invincibility and the wisdom of pursuing a war that has produced so many deaths in vain. [REDACTED]

The conflict has turned hundreds of thousands of Iranians into refugees. Many have flocked to Iran's major cities, aggravating an already serious strain on public services. The Shah's inability to meet the needs of Iran's urban areas in the last years of his reign was a major contributing factor to the revolution. Since the Shah's departure, Tehran's population has doubled to over 8 million people. [REDACTED]

Succession and the Struggle for Power

The political infighting revolving around the succession to Khomeini is adding to the divisions within Iran. The Islamic Republic's constitution mandates that the succession to Khomeini's post as supreme political-religious authority be formally decided by a cleric-dominated 60-man Assembly of Experts in religious law. The constitution allows a choice between a sole heir or a leadership council of three or five senior clerics. [REDACTED]

We expect the initial phase of succession to go smoothly. Shia Islamic ritual calls for 40 days of public mourning during which the regime's leaders are likely to channel the highly charged emotions of the population toward support for the government. We expect that Ayatollah Montazeri will be confirmed as Khomeini's successor during this period. He has long been considered Khomeini's preferred choice as heir and has already taken on many of Khomeini's duties and prerogatives. Majles Speaker Rafsanjani, now second only to Khomeini in political power, has endorsed Montazeri more than once, as has Khomeini's son, Ahmad. Iran's government-controlled press has been referring to Montazeri as a "Grand Ayatollah" to raise his religious standing to the level appropriate for supreme religious jurisprudent. [REDACTED]

Montazeri, however, lacks Khomeini's religious stature and his commanding presence. Without someone of Khomeini's stature, we believe factional disputes and rising discontent over the war and the economy are likely to produce an extended period of political instability. [REDACTED]

Montazeri and the Succession: Two Views

[REDACTED]

The *Revolutionary Guard* will be central to the regime's ability to maneuver during this period and is likely to play a key role.

[REDACTED]

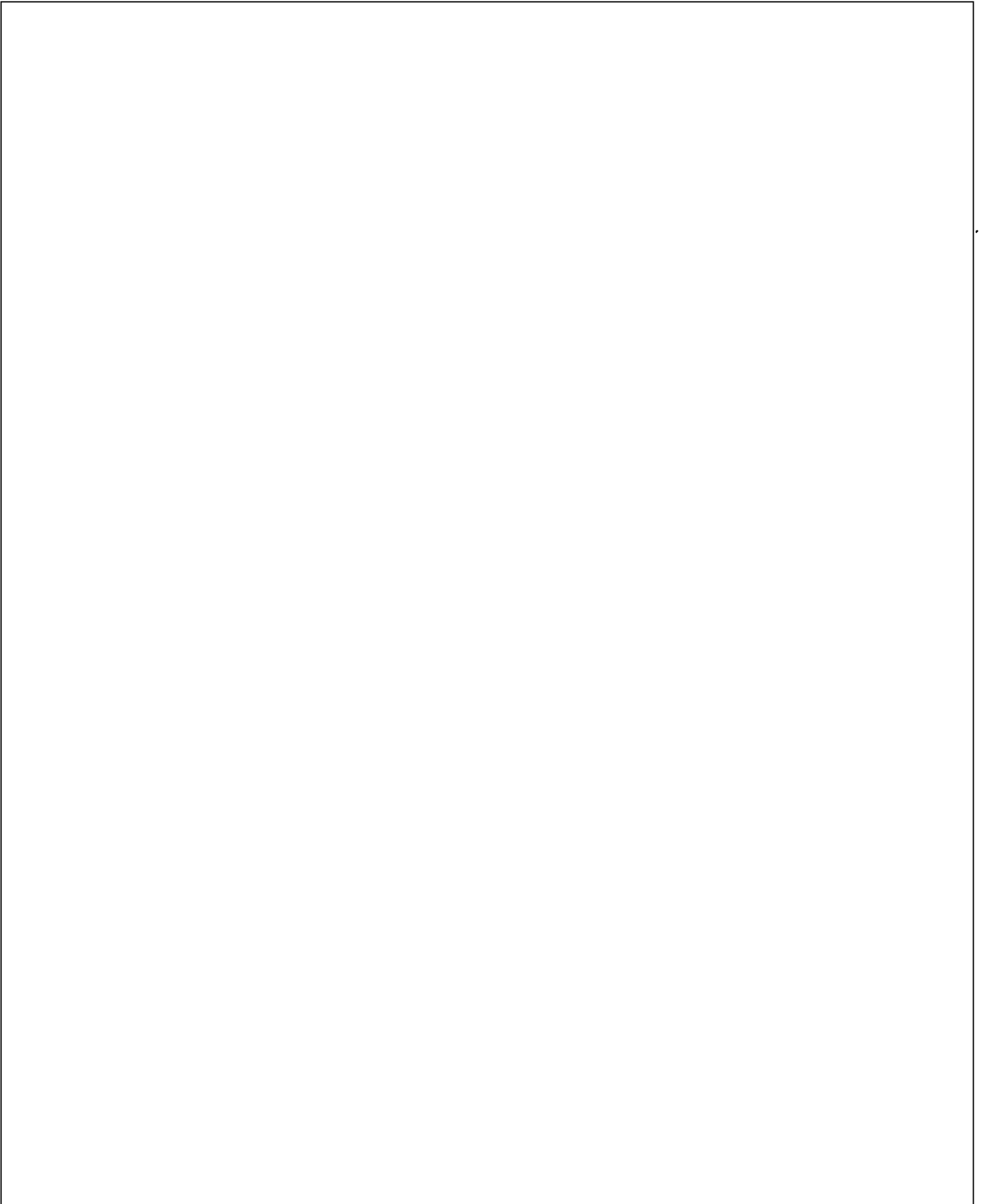
[REDACTED]

Guard Minister Mohsen Rafiq-Dust has admitted publicly that the Command Council exercises more authority over the Guard than either he or its Commander, Mohsen Rezai. Both obtained their Guard jobs originally because of their close relationships with senior regime leaders rather than from their strength within the Guard itself. Individual leaders of the Guard, moreover, act without government sanction. The hijacking of an Air France airliner in July 1984, for example, was the work of an element within the Guard, not approved in advance by the government. We believe that Guard leaders emphasize their loyalty to Khomeini, in part because this allows them to act independently in the absence of explicit guidance from him. [REDACTED]

[REDACTED]

Ayatollah Khomeini in recent weeks has repeatedly warned the Guard to stay out of politics, probably reflecting the regime's concern over Guard independence. In the unlikely event that the Guard stayed out of succession politics and remained basically intact,

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[REDACTED]

[REDACTED]

its use as a tool of repression over the population would give factional leaders more time to work out their differences. Alternatively, if the Guard backed one candidate or coalition, its support probably would be decisive. Such a move would ensure clerical rule while further increasing the influence of the Guard.

[REDACTED]

In a climate of distrust and increasing competition, however, we believe it is more likely that various regime leaders will seek to strengthen and expand their contacts among the leaders of the Guard—especially if its loose structure of independent warlords remains. We also believe that factions at the far right and left within the regime's political spectrum are most likely to resort to force to avoid being squeezed out of power. The breakup of the Guard into warring factions ultimately could lead to anarchy and civil war. There are unconfirmed stories that a cleric close to Montazeri, for example, has been developing a loyal Guard cadre and arms caches near Esfahan for just such an eventuality.

[REDACTED]

We doubt that the *regular military* will play a significant role in shaping the power struggle following Khomeini's death.

[REDACTED]

[REDACTED]

[REDACTED]

Bazaar merchants played a supporting role in bringing Khomeini to power by providing money and other resources.

[REDACTED]

Bazaaris have never been the leading political force in Iran, always preferring to provide support from the sidelines. We doubt that they will become a driving force in post-Khomeini Iran. Commerce remains their prime focus. We believe the strong business competition that exists in the bazaar and the bazaaris' close personal ties within various political factions impede the development of a unified organization. Although the bazaaris have some shared political goals—primarily a secure business environment and minimal government interference—historically, they have not wanted to rule Iran.

We have watched the various Iranian *exile groups* since the fall of the Shah and believe that none of them have appreciable support inside Iran. Moreover, none have displayed organizational or operational skills. They lack realistic programs of political action and have not found common cause among themselves

or with forces in Iran. They are likely to remain on the sidelines as observers of events, more determined to score points against one another than to provide a credible alternative to the Khomeini regime or its successor

None of the exiles appear to be attractive allies for forces inside the country. Of all the exiles, the Shah's son probably has the most residual support, the beneficiary of nostalgia among Iran's upper and middle classes. Nevertheless, even those who favor a monarchy are unlikely to seek a restoration of the discredited Pahlavi dynasty. Any future kings and kingmakers are more likely to emerge from those who have remained in Iran.

The Shah's son, Reza Pahlavi

Although any post-Khomeini regime is likely to espouse nonalignment, we believe there are groups who would be willing to lessen Iran's hostility toward one or the other superpower.

Implications for the United States

Whatever successor regime eventually emerges—short of an unlikely Communist takeover—we believe that certain general imperatives will guide Iranian policy:

- Islam is likely to remain a key component of any successor regime. Even secularists would be forced to recognize its political force.
- No regime will want to be seen as dominated by either superpower. "Neither East nor West" is, in our judgment, a genuinely popular slogan in Iran. The image of the US "satan" will be an important symbol of continuity. Moscow's military support for Iraq, the occupation of Afghanistan, and Iranian suspicions of Moscow's intentions, as well as hostility to Communist ideology, will limit Soviet prospects. Any Iranian regime is likely to hew closely to a policy of nonalignment.
- The need to sell oil, import consumer goods, and generate some economic development is likely to foster relatively good economic relations between Iran and industrial nations, as well as neighboring Turkey and Pakistan.
- Iran's role as a major power in the Persian Gulf and its rivalries with Iraq and Saudi Arabia will persist.

A regime dominated by Revolutionary Guard leaders and other associated left-leaning groups would be suspicious of the USSR, but their deep ideological hatred of the United States would probably cause them to be more willing than the current regime to seek increased economic and military aid from Moscow. Such a regime would provide Moscow with its best opportunity in Iran. It could also be less hostile to Soviet foreign policy goals in the region.

Those groups who favor less hostile relations with the United States currently are either less active and less organized than the others or are not accustomed to political leadership roles. These groups include bazaar merchants, the conservative clergy including the grand ayatollahs, elements in the regular military, and the middle and upper classes. With the exception of the military, which is predominantly located at the front, these groups are not well armed and are likely to remain intimidated by the Revolutionary Guard. For these groups to gain dominance, the strength of the Guard would have to be exhausted in an extended period of violence between warring factions. The ability of the bazaaris to provide financial support to various factions could then become a crucial variable.

Although a prolonged period of upheaval would enhance chances that groups less hostile to the United States might gain power, it also would provide the Soviets with expanded opportunities in Iran, especially among Iran's ethnic minorities along their common border. Twice in this century the USSR has sponsored short-lived socialist republics inside Iran.



Soviet willingness to intervene militarily would be constrained, in our judgment, by the possibility of superpower confrontation.⁴ We continue to believe that the Soviets take seriously declarations by the United States that it would respond to overt Soviet moves against Iran.



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